



FISCAL HIGHLIGHTS

VOLUME 3, ISSUE 4

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Office of the Legislative Fiscal Analyst
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| | |
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| John Massey | Director |
| Mark Bleazard | Deputy Director & Transportation |
| Jonathan Ball | Deputy Director & Information Technology |
| Steven Allred | Capital Facilities |
| Ivan Djambov | Natural Resources |
| Stan Eckersley | Commerce & Revenue |
| Debbie Headden | Human Services |
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| Spencer Pratt | Higher Education |
| Gary Ricks | Executive Offices & Public Safety |
| Danny Schoenfeld | Public Education |
| Gary Syphus | Corrections |
| Todd Wardrop | Capitol Construction |
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are Available on the LFA Website:
www.le.utah.gov/lfa



EXECUTIVE APPROPRIATIONS COMMITTEE

SENATOR LYLE HILLYARD & REPRESENTATIVE RON BIGELOW
MEETING DATE: JULY 17, 2007

Report: Federal Funds

Tenielle Young of the Governor's Office of Planning and Budget presented the list of federal fund grant applications since the June EAC meeting. Four new and ten reapplications of existing grants required legislative action. Seven new and six reapplications of existing grants have been approved by the Governor's Office. Currently there are 382 grants being tracked by the Governor's Office.

Of the four new applications requiring legislative action, the Utah Department of Human Services grant request to "Promote Safe and Stable Families" represents the largest dollar match - \$70,067.

Committee Action:

The committee approved the applications requiring EAC action.

Staff Contact: Thomas Young**Report: Tourism Marketing and Accountability**

The Committee reviewed tourism funding and proposed accountability measures. Tourism promotion currently receives \$6 million a year in earmarked revenues. Funding is projected to increase by \$3 million a year until FY 2015. When fully phased in, Tourism Marketing Performance could receive as much as \$30 million annually. Utah's total tourism budget ranks 13th in the nation for FY

2006 up from 42nd in FY 2005. Based on a comparison of the surrounding states Utah's tourism budget ranks 3rd for FY 2007 up from an 8th place rank in FY 2005.

All indications suggest that the growth in tourism related expenditures will continue to exceed estimates, ensuring that the earmarked revenue will continue to grow. The Committee questioned the relevancy of some of the measurement categories and asked the Analyst to conduct further study of the measures, comparing them to categories used previously. The Analyst will continue to review the data provided from the performance measures to track the program.

Staff Contacts: Andrea Wilko**Report: Capitol Building Restoration Update**

The Capitol Base-Isolation and Restoration project is at the height of its construction activity employing more than 400 construction workers and technicians daily, many working 50-60 hours each week. Every facet of the construction is carefully scheduled in detail to ensure the Capitol Building will be ready for the re-opening events. The building will be reoccupied and open to the public toward the end of 2007.

The current schedule for the Capitol Building re-opening and

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BEN LEISHMAN, EDITOR

EXECUTIVE APPROPRIATIONS

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public events is as follows:

- Northeast parking (lower) - Sept. 7, 2007
- Northeast parking (upper) - Dec. 1, 2007
- Capitol Occupancy permit - Dec. 10, 2007
- Public Open House - Dec. 21 - Jan. 4 2008
- Grand Opening - Jan. 4, 2008

The Capitol project cost totaled \$212 million dollars. In addition, the parking structures and north-east parking lots totaled \$15 million dollars.

Three full-time positions were approved by the Legislature last session and have been recently filled in conjunction with the Capitol reopening:

1. A new Retail Store Manager has already begun the task of acquiring goods and products for the much larger Capitol gift store. The new Capitol gift store will not only have candy and sodas, but also have a large selection of Utah books, an inventory of higher-end historical Utah merchandise, and is expected to become a primary resource for patrons and educators.
2. The new Capitol Visitors Services Coordinator will manage and coordinate tours, school groups, docent training, and volunteers.
3. A new full-time Custodial / Events Set-up position has been filled. This person is assigned directly to the Capitol Preservation Board office.

All three new positions are under the direction of the CPB Public Information Officer.

Staff Contact: Todd Wardrop

Report: Senate Bill 50, "Drug Offenders Reform Act" (DORA)

Dave Walsh and Mary Lou Emerson of the Commission on Criminal and Juvenile Justice gave the Committee an overview of the provisions of Senate Bill 50. DORA directs the Utah Substance Abuse and Anti-Violence Coordinating Council to develop plans to implement:

- Guidelines for funding allocation and use;
- Appropriate treatment plans for offenders;
- Rules governing the participation of local planning groups and local substance abuse authorities;

- Policies guiding the participation of the Department of Corrections, Courts, and Board of Pardons and Parole;

The effective date of this Legislation is July 1, 2007. The Legislature appropriated \$8 million in General Funds for FY 2008 (and \$9 million for FY 2009 forward) among various participating agencies to implement provisions of the bill.

Staff Contacts: Gary Ricks, Debbie Headden, and Gary Syphus

HIGHER EDUCATION

Report on Teacher Shortages

The Special Task Force on Teacher Shortages submitted its report to the State K-16 Alliance, detailing the looming shortage of teachers in the State. It looked at what can be done to entice, recruit, and retain more individuals in a teaching career; how the State can enhance its capacity to produce teachers; and also looked at specific areas of concern, including, mathematics, science, special education, and early childhood education.

The Task Force generated five recommendations to address the problem. These include:

1. Maximize the existing teachers and capital facilities by increasing the number of days existing teachers employed.
2. Maintain market competitiveness, through closing salary gaps and the use of differentiated salaries.
3. Expand the existing scholarship and loan programs for individuals in the colleges of education.
4. Enhance the capacity of Colleges of Education in order to increase the number of students graduating with a teaching degree.
5. Provide the school districts with additional flexibility in licensing and hiring educators.

For the complete report, see <http://www.utahsbr.edu/pdfs/Interest/EducationInitiativeMar2007.pdf>

Staff Contact: Spencer Pratt

Central Versus Local: Does the Legislature Control Education Pay?

Governance issues surrounding the Parent Choice in Education Act aside, the question of how much control the legislature wields over public and higher education is not a new one. Two recent audits -- one on public education teacher compensation and another on higher education salary estimates -- point to a long standing difference in how the Legislature appropriates education pay increases and how it does so for state agencies. While the Legislature has direct control over state agency personnel budgets, school districts and higher education institutions largely determine salary and benefit increases for teachers and faculty.

Legislators control salary and benefit changes for state agency employees using three tools: a consolidated payroll system, common salary and benefits schedules, and discreet line-item appropriations. Using the consolidated payroll system, legislative staff can validate and verify agency budget requests for salary increases by comparing the requests to a point-in-time snapshot of actual payroll. By giving statutory direction to the Division of Human Resource Management on how to change state-wide salary and benefits schedules, the Legislature essentially sets salaries and benefits for all agency employees. Finally, smaller, discreet appropriations line-items in state agencies restrict the extent to which agencies can shift resources to or from personnel costs.

These same tools are not exercised by the Legislature for education employees. The state's forty school districts and ten institutions of higher education have numerous payroll systems, and in no one place is all the data consolidated. Public education compensation terms are negotiated via collective bargaining at the district level, and higher education institutions independently set their own schedules. The majority of state assistance to public schools comes through the Minimum School Program -- for all intents and purposes a single line item -- and higher ed schools get most of their money in each school's "Education and General" line item.

So, while we talk about state agency and education compensation in the same terms, we do not budget for them in the same way. The former category is a highly defined operating budget. The latter is something closer to a discretionary grant.

Staff Contact: Jonathan Ball

EXECUTIVE OFFICES & CRIMINAL JUSTICE

Death Benefits for Officers Killed in the Line of Duty

Recent events involving the tragic shooting death of a Utah State Corrections Officer while in the line of duty have renewed public awareness of the risks facing law enforcement professionals. Police reports say that Utah Department of Corrections Officer Stephen Anderson was fatally shot with his own gun on June 25, 2007 while trying to prevent an inmate from escaping from a University of Utah medical clinic.

Corrections Officer Anderson is one of 109 Utah law enforcement officers who have given their lives in the line of duty and the protection of the public. The state has lost 87 officers from local law enforcement agencies and 22 officers employed by state law enforcement agencies. To date, all fallen officers have been male with an average age of 40 and average career service of 8 years and 9 months.

Beneficiaries of fallen officers are entitled to certain financial benefits and other services upon meeting eligibility requirements. Following is a description of the various benefits as provided by the Utah Department of Corrections and the Office of Crime Victim Reparations.

Federal:

The Bureau of Justice Assistance administers the Public Safety Officers' Benefits Program. The program provides a onetime payment to beneficiaries of officers killed in the line of duty. The benefit is adjusted each year on October 1st to reflect the percentage of change in the Consumer Price Index. The current benefit for the year October 1, 2006 through September 30, 2007 is \$295,194.00.

The U.S. Department of Labor has a benefit to survivors of nonfederal law enforcement officers killed in the line of duty. The requirements for eligibility may not apply to all line of duty deaths. The benefit is 50 percent of the officer's monthly salary paid monthly to the surviving spouse. The benefit terminates upon the death of spouse. If the surviving spouse remarries before reaching age 55, a lump sum 24 times the monthly compensation is paid, but the monthly benefit stops. If remarriage occurs at age 55 or older, the monthly compensation continues. There is also a benefit of 15 percent of the monthly salary for minor children. Children stop

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receiving the benefit when they reach age 18.

State:

The State of Utah pays \$50,000.00 to the beneficiaries of officers killed in the line of duty. In addition, if an active member of the system enrolled in Division A under Section 49-14-501 dies, the following benefits are payable according to the conditions stipulated:

If the death is classified as a line of duty death, the dependent spouse shall receive a lump sum of \$1,000 and a monthly allowance equal to 30 percent of the deceased member's final average monthly salary.

The State also offers reimbursement, when guidelines are met, for higher education tuition for the surviving spouse and children and provides health care (not dental) for unmarried children up to age 26 and for the surviving spouse until remarriage.

The Workers Compensation Fund provides a benefit of 66.67 percent of the employee's wage for the spouse only or a spouse with child/children with a minimum weekly benefit of \$45 to \$70 according to number of dependents and a maximum weekly benefit of \$351 for a maximum period of 312 weeks. The fund will also pay all funeral expenses.

As reported in *Fiscal Highlights*, May 15, 2007, beneficiaries may also qualify for financial benefits up to \$50,000 and reimbursement of therapy costs from the Office of Crime Victim Reparations depending on eligibility require-

Summary of Appropriations Subcommittee Meeting

The Subcommittee for Transportation, Environmental Quality and National Guard met on June 29, 2007 at the Calvin L. Rampton Complex for a Subcommittee meeting. The following is a condensed list of what was discussed by the committee:

- Transportation Fund Review
- Growing Needs Associated with Pavement and Bridge Preservation
- Construction Cost Increases
- Personnel Retention Challenges
- Future of Federal Highway Program
- Corridor Preservation
- Critical Bridges
- Choke Point Projects
- Transportation Investment Fund
- Highway Construction Program
- Critical Highway Needs Fund
- Unfunded Needs
- Hot Lanes and Electronic Tolling Update
- Intelligent Infrastructure and Intelligent Vehicles

After a working lunch the committee toured the Materials Laboratories and Maintenance Shops. The day was concluded with a presentation on how construction projects get started and the processes that are followed through completion.

Staff Contact: Mark Bleazard

Upcoming Appropriations Subcommittee Meetings

- Capital Facilities and Government Operations Appropriations Subcommittee
Date: August 20-21, 2007
Location: Tour with the State Building Board and an Overnight Stay in Logan
- Commerce & Revenue
Date: August 29, 2007
Time: 9:00
Location: American Fork - Workforce Services Building
- Health & Human Services Appropriations Subcommittee
Date: September 5, 2007
Time: To Be Announced
Location: To Be Announced
- Commerce & Revenue
Date: September 12, 2007
Time: 9:00
Location: Salt Lake City - Heber Wells Building
- Higher Education Appropriations Subcommittee
Date: September 12, 2007
Time: 1:00 P.M.
Location: Weber State University, Stuart Stadium Sky Suites

What goes into new state facilities construction costs?

Inflation is the single largest factor driving up the cost of state capital facilities projects over the past three years. According to the University of Utah's Bureau of Economic and Business Research, construction activity in Utah hit a record in 2006, due primarily to nonresidential projects. Continued strong demand for construction materials, labor and qualified contractors in 2007 continues to put upward pressure on prices.

When the State of Utah estimates the costs of new buildings, it plans for certain costs besides construction. These other costs include design, architecture and engineering, land acquisition (if necessary), fixtures, furnishings and equipment (FF&E), Percent for Art, the Contingency Reserve Fund (CRF), and other miscellaneous costs such as inspections.

The Percent for Art and the Contingency Reserve Fund are both statutory programs. Under the Percent for Art program, one percent of the amount appropriated for construction costs may be appropriated for works of art (if the design of the building lends itself to works of art). Under the Contingency Reserve Fund, the amount budgeted for contingencies ranges from 4.5 to 6.5 percent of construction costs for new construction, or 6 to 9.5 percent for remodeling projects. Inspection costs are typically budgeted at one percent of construction costs.

Since Percent for Arts, Contingency Reserve Fund, and inspections are calculated as a percentage of construction costs, inflation in construction costs further drives up the costs of these other programs.

The following table shows how costs broke out for state-funded (or partially state funded) capital developments approved during the 2007 General Session.

Update on Legislation Passed to Maintain the Rocky Mountain Center for Occupational and Environmental Health

The during the 2005 General Session, the Legislature passed S. B. 159 to keep the Rocky Mountain Center for Occupational and Environmental Health at the University of Utah. The bill allows workers' compensation self-insured employers and workers' compensation insurance carriers to make donations to qualified occupational and health and safety centers. The donations are offset against premium tax assessments.

The original fiscal note estimated losses of \$10,200 to the General Fund Restricted-Workplace Safety Account, \$10,200 to the Uninsured Employers account and \$294,600 to the Employers' Reinsurance Fund for a total cost of \$315,000. In FY 2006 actual revenues totaled \$280,000. This amount was sufficient to maintain the center and a recent review indicates that the center will be renewed for five more years.

The center has developed detailed plans for a Master of Science in Occupational Health degree that is currently under review by the University of Utah Graduate School. The Center has implemented an industry outreach program to make sure the curriculum is relevant. Utah outreach assists over 270 businesses and government agencies annually. The Center is one of 16 sponsored by the National Institute for Occupational Safety and Health (NIOSH). The Rocky Mountain Center was established in 1977 with the mission of "Protecting the worker and the environment through interdisciplinary education, research, and service."

Staff Contacts: Stan Eckersley
& Danny Schoenfeld

| Project Description | Construction Costs | Design Fees | FF&E | Percent for Art | CRF and Other | Total Cost | Square Feet | Constr Cost/SF | Total Cost/SF |
|-----------------------------------|--------------------|-------------|-------------|-----------------|---------------|--------------|-------------|----------------|---------------|
| Multi-Agency State Lab | \$24,735,700 | \$2,083,200 | \$1,855,200 | \$247,400 | \$1,930,600 | \$30,852,100 | 82,880 | \$298 | \$372 |
| Joint Driver License/DMV Bldg | \$4,273,700 | \$362,800 | \$252,600 | \$42,700 | \$410,200 | \$5,342,000 | 20,300 | \$211 | \$263 |
| DATC Tech/Manuf Bldg | \$11,388,000 | \$1,291,000 | \$583,000 | \$113,900 | \$864,100 | \$14,240,000 | 60,382 | \$189 | \$236 |
| WSU Classrm Bldg/Chiller Plant | \$24,834,800 | \$2,106,800 | \$1,260,000 | \$192,900 | \$2,555,500 | \$30,950,000 | 99,700 | \$249 | \$310 |
| Snow College Library/Classrm Bldg | \$16,828,700 | \$1,396,000 | \$1,266,600 | \$168,300 | \$1,291,400 | \$20,951,000 | 68,700 | \$245 | \$305 |
| St. George Courthouse | \$23,422,500 | \$1,410,100 | \$1,904,000 | \$234,200 | \$2,029,200 | \$29,000,000 | 95,500 | \$245 | \$304 |
| UofU Nursing Bldg Renov/Add'n | \$15,607,000 | \$1,493,100 | \$2,419,800 | \$117,800 | \$3,137,300 | \$22,775,000 | 89,120 | \$175 | \$256 |

Staff Contact: Steven Allred



RETURN SERVICE REQUESTED

Farewell to the Legislative Fiscal Analyst - John E. Massey

After nine years as director of the Office of the Legislative Fiscal Analyst, John Massey is retiring at the end of July. On July 18th, John Massey was honored at a reception held in the atrium of the west building. John was presented with the following citation from the Legislature.

Utah State Legislature
Official Citation Honoring

John E. Massey

AN OFFICIAL CITATION OF THE UTAH STATE LEGISLATURE RECOGNIZING THE SERVICE OF JOHN E. MASSEY, DIRECTOR IN THE OFFICE OF THE LEGISLATIVE FISCAL ANALYST, AND EXTENDING BEST WISHES TO HIM AND HIS FAMILY UPON HIS RETIREMENT.

WHEREAS, John E. Massey began employment with the Office of the Legislative Fiscal Analyst in 1989 under the direction of Leo L. Memmott; and

WHEREAS, John has worked for the Fiscal Analyst's Office in various assignments, including Capital Facilities and Government Operations Appropriations Subcommittee and the Executive Appropriations Committee. In 1998, upon the retirement of Mr. Memmott, John Massey was appointed as the Legislative Fiscal Analyst and has capably served in this capacity until his retirement in July of 2007; and

WHEREAS, during John's tenure as Legislative Fiscal Analyst he modernized the state's appropriations process by directing the creation of a nationally recognized automated budget development, tracking, and reporting system; dramatically improved the flow of information to legislators by spearheading the redesign of budget documents and presentations; and

improved productivity across the Legislature by streamlining the fiscal note process; and

WHEREAS, John ably managed a grateful staff through the above changes with patience and poise; and

WHEREAS, under John's watch, the State of Utah has continued to enjoy a sterling financial reputation as recognized by the National Conference of State Legislatures, the Council of State Governments, and other national organizations. In 2005, "Governing Magazine" named the State of Utah as one of only two states receiving an "A" grade for money management. In addition, Utah continues to be one of only seven states to enjoy an AAA bond rating, the highest in the industry; and

WHEREAS, John worked long and tirelessly behind the scenes in his quiet, but professional manner to insure that the needs of individual legislators were met; and

WHEREAS, John and his lovely wife Miriam are the parents of three children: Tricia, Tyler, and Brian. Adding great joy to the Massey family are grandchildren Brooks Massey, Myles Massey, McCall Godfrey and Will Godfrey.

NOW THEREFORE, the Legislature of the state of Utah expresses its heartfelt appreciation for the endless hours of service that John E. Massey has devoted to the budget and legislative processes.

Members of the Utah Legislature, past and present, who have been served by John E. Massey, express gratitude and best wishes for a happy, fulfilling retirement.

Greg J. Curtis, Speaker of the House
John L. Valentine, President of the Senate